

Activities of the NDIC in the Third Quarter, 2022

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5.0 Introduction

The activities of NDIC and its achievements in the third Quarter of 2022 are presented below:

5.1 Update on Corporate Strategy Development Activities

The following are highlights of the major strategic activities of the Corporation for the quarter ended September 30, 2022:

- The NDIC budgeting process was aligned with the Corporate Strategic Objectives which were captured in the 2023 Budget using the Dynamic Enterprise Performance Management System (dEPMS).
- The NDIC Spider Impact Strategic Management Software became operational with the approval of the 2021-2025 Strategic plan.
- The NDIC, in line with the requirements of the SERVICOM office, continued to monitor the rendition of Service Failure Reports by its various Departments, Units, and Offices, for timely addressing of grievances/complaints.
- The NDIC's Service Level Agreement Management System Policy Framework was considered by Senior Management for onward consideration and approval of the Board of Directors.
- The NDIC Management approved the maiden edition of the NDIC Annual Innovation Competition to raise the culture of continuous innovation within the NDIC.

5.2 Finance Activities

- The statutory audit of the NDIC's Financial Statements for the year 2021 has been concluded and awaiting the opinion of the external auditor (Messrs' KPMG).
- During the third quarter of 2022, relevant taxes, including Withholding Tax (WHT), Value Added Tax (VAT), Stamp Duties, and Personal Income Tax (PIT), were duly deducted and remitted to the relevant Tax Authorities. Also, other statutory remittances like National Housing Fund (NHF) and National Health Insurance Scheme (NHIS) were also made during the period in review.

5.3 Operational Activities

5.3.1 Claims Settlement

(A) Payments to Insured and Uninsured Depositors of Closed Insured Banks

- i. In the third quarter of 2022, the NDIC paid ₦450,204.03 to 10 insured depositors and ₦3,164,195.02 to uninsured depositors of closed Deposit Money Banks (DMBs). Cumulatively, the NDIC had paid ₦8.268 billion to 443,959 insured depositors and ₦101.305 billion to uninsured depositors of 49 DMBs in-liquidation.
- ii. The NDIC also paid ₦22.39 million to 306 insured depositors of 367 Microfinance Banks (MFBs) in-liquidation during the third quarter of 2022. Cumulatively, the NDIC had paid ₦3.448 billion to 91,402 insured depositors and ₦12.678 million to uninsured depositors of closed MFBs as at September 30, 2022.

- iii. During the third quarter of 2022, 98 insured depositors were paid ₦4,631,362.68, while the uninsured depositors of closed PMBs were paid ₦669,956.14. The cumulative insured amount paid by the NDIC to 1,673 depositors of closed PMBs stood at ₦118.162 million and to the uninsured depositors was ₦9.498 million as at September 30, 2022.

(B) Payments to Uninsured Creditors of Banks in-Liquidation

As at September 30, 2022, the sum of ₦4,097,064.39 was paid to 27 creditors of the 49 DMBs in-liquidation. Cumulatively, the sum of ₦1.279 billion had been paid to 1,020 out of 1,320 creditors as at September 30, 2022.

(C) Payments to Shareholders of Banks in-Liquidation

Cumulatively, the sum of ₦4.890 billion has been paid to 970 shareholders as at September 30, 2022.

5.4 Asset Management

5.4.1 Risk Assets Recovery

- i. The sum of ₦90,693,552.94 was recovered from 16 out of the 49 DMBs in-liquidation during the third quarter of 2022. Similarly, the sum of ₦2,070,065.88 and ₦46,672,661.97 was recovered from four MFBs and three PMBs in-liquidation, respectively. Consequently, the total recovery from the Risk Assets for the period is ₦139,436,280.79, as summarised in Table 5.1.

Table 5.1: Loan Recoveries for Second Quarter, 2022 and Third Quarter, 2022

	SECOND QUARTER, 2022				THIRD QUARTER, 2022			
	April	May	June	TOTAL	July	Aug.	Sept.	TOTAL
	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m
DMBs	22.97	38.77	135.83	197.57	35.08	15.85	39.76	90.69
PMBs	0	41.40	5.53	46.93	0	40.97	5.70	46.67
MFBs	1.02	10.71	0.51	12.24	0.11	0.33	1.63	2.07
GRAND TOTAL	23.99	90.88	141.87	256.74	35.19	57.15	47.09	139.43

Source: NDIC

The cumulative recovery for the DMBs in-liquidation from 1994 to date was ₦30,877.58 million. The sum of ₦288.01 million was recovered from September 2010 to date in respect of closed MFBs, while PMBs had a cumulative recovery of ₦785.61 million. Therefore, the total recovery from Risk Assets of all banks in-liquidation stood at ₦31.95 billion as at September 30, 2022.

5.4.2 Disposal of Physical Assets

i. Disposal of Physical Assets of Deposit Money Banks (DMBs) in-Liquidation

There was no realisation of Physical Assets for DMBs in-liquidation during the third quarter of 2022.

ii. Disposal of Physical Assets of MFBs and PMBs In-Liquidation

In the third quarter of 2022, the sum of ₦20.68 million was realized from the disposal of Physical Assets (landed properties and chattels) of MFBs in-liquidation, whereas there was

no Physical Assets realization for PMBs in-liquidation. As at September 30, 2022, the cumulative realization since inception from Physical Assets and Rent collected on properties of banks in-liquidation stood at ₦23,414.18 million. The figure comprised ₦22,306.16 million, ₦904.15 million, and ₦203.86 million for DMBs, MFBs, and PMBs in-liquidation, respectively.

5.4.3 Realisation of Investments of Banks in-Liquidation

The sum of ₦6.96 million was realized from investments of 8 MFBs in liquidation during the third quarter of 2022. There was no realization of investment for DMBs and PMBs in-liquidation in the period under review. The cumulative sum realized from investments of banks in-liquidation from inception to September 30, 2022, was ₦4,932.34 million. The total amount realized from investments of DMBs from 1994 to June 30, 2022, stood at ₦4,777.74 million, for MFBs from 2010 to date was ₦88.24 million and for PMBs was ₦66.36 million.

5.5 Bank Supervision

5.5.1 Risk-Based Supervision (RBS) - On-Site Examination of DMBs

During the third quarter of 2022, a team of CBN/NDIC examiners conducted RBS examinations of 16 Low and Moderate Rated DMBs as at 30th June 2022, with NDIC leading the examinations of four of those banks. The reports of all the DMBs had undergone quality control by the CBN/NDIC Methodology Group preparatory to issuance.

5.5.2 Holding Companies (HOLDCOs) Examination

The CBN/NDIC jointly conducted an Examination for low and moderate risk rated Holding Companies (Holdcos) during the third quarter of 2022.

5.5.3 Quality Assurance on DMBs' Examination Reports

The quality assurance of the under-listed assessments was jointly carried out by the CBN and NDIC Methodology Group during the third quarter of 2022:

- i. Risk-Based Supervision (RBS) Examination Reports as at June 30, 2022.
- ii. Supervisory Review and Evaluation Process (SREP) Reports on the Internal Capital Adequacy Assessment Process (ICAAP) of all the banks as at December 31, 2021.
- iii. Consolidated reports of Holdco as at June 30, 2022.

5.5.4 On-Site Examination of MFBs and PMBs

The CBN allocated 140 banks (130 MFBs and 10 PMBs) to NDIC for the 2022 on-site RBS Examination. The NDIC completed the examination of 109 banks (103 MFBs and 6 PMBs) during the third quarter of 2022, with the reports issued to the banks and copies submitted to the CBN.

5.5.5 On and Off-Site Monitoring of MFBs and PMBs

As at September 30, 2022, the NDIC had monitored 139 MFBs of the 200 MFBs and 10 PMBs that were examined in 2021. The aim of the monitoring exercise is to assess the extent of the banks' implementation of previous examiners' recommendations.

5.5.6 Investigations/Consumer Protection

In the nine months that ended September 30, 2022, a total of 217 customers' complaints from various DMBs were received by the NDIC, out of which 80 or 36.87 per cent were ongoing, 128 or 58.99 per cent were concluded, and eight or 3.69 per cent were expunged because the account details and disputed amounts were not provided. At the PMB-MFB sub-sector, the NDIC received a total of 18 complaints/petitions in the third quarter of 2022. The investigations were at different stages of completion, while holding letters were issued to the complainants or their solicitors.

5.5.7 Premium Assessment, Collection, and Deposit Verification on Insured Banks

As at September 30, 2022, the NDIC concluded its 2022 On-site Deposit Verification Exercise on 32 DMBs, two Non-interest banking windows, and two Payment Service Banks. The introduction of the Differential Premium Assessment System (DPAS) contributed to the improved perception and willingness of banks to pay the assessed premium.

5.5.8 Fit and Proper Person Enquiries

During the third quarter of 2022, the NDIC received 93 requests on 330 persons in addition to 10 outstanding requests in the previous quarter from the CBN, SEC, PENCOM, and NAICOM to conduct due diligence on the prospective appointees in the financial sector. Out of the 103 total requests, 68 had been treated, while 35 requests remained outstanding as at September 30, 2022, pending further investigation.

5.5.9 Off-Site Bank Surveillance: Bank Analysis

The financial condition and performance of 32 out of the 33 DMBs comprising 23 commercial banks, six merchant banks, and three NIBs & two NIB-windows were reviewed in the third quarter, 2022 using off-site analysis of returns rendered through the Financial Analysis System (FinA).

The DMBs' total assets and total deposits stood at ₦68.61 trillion and ₦42.12 trillion, respectively, as at September 30, 2022, as against ₦65.58 trillion and ₦42.10 trillion recorded as at June 30, 2022. Also, the DMBs' insured Deposit increased by 1.4 per cent from ₦5.03 trillion as at June 30, 2022, to ₦5.10 trillion as at September 30, 2022.

5.5.10 Mobile Money Operators (MMO)

There were 29 licensed MMOs as at September 30, 2022. Thirteen (13) of the MMOs were bank-led, while sixteen (16) were non-bank-led. The Total Deposit of the MMOs stood at ₦68.06 billion, with ₦29.70 billion as Insured Deposits as at September 30, 2022.

5.5.11 Whistle Blowing

The NDIC received 120 whistle-blowing cases from 32 DMBs, bordering on service delivery inadequacies, theft, and cash suppression, among others, during the quarter that ended September 30, 2022. The number of cases concluded was 93, while 27 cases were pending and under investigation as at September 30, 2022.

5.6 Enterprise Risk Management Activities

In the third quarter of 2022, the Enterprise Risk Management activities of the NDIC were as follows:

- The Risk Profile of the Corporation as at June 30, 2022, was submitted for consideration by the Senior Management and Board Committee on IT/Corporate Strategy.
- The Business Impact Analysis and Risk Assessment were conducted in all Departments, Units, and Offices at the Head Office, Lagos Office, and 10 Zonal Offices.
- The Crisis Management Team mock simulation exercise was conducted during the quarter in review.
- Also, the implementation of the Enterprise Risk Management (ERM) Framework and Compliance with the Document Management Policy were monitored across all Departments, Units, and Offices of the Corporation.
- The NDIC has continued the physical archiving of documents of Fortis bank and other banks-in-liquidation. In addition, the digitization of documents of closed banks in the Asset Management Department of NDIC was on-going during the period.

5.7 Collaboration And Public Awareness Activities

The NDIC implemented various public awareness initiatives to manage the NDIC brand and promote financial literacy during the third quarter of 2022. The executed initiatives were:

5.7.1 Public Awareness Activities

- The NDIC was given the “Platinum Level Award for Outstanding Performance in Corporate Governance and Service Delivery” by the Bureau of Public Service Reform on September 7, 2022. The event was telecast on various television and radio stations.
- The NDIC organised the 2022 Capacity Building Workshop for Law Enforcement Agencies with event highlights telecast on the TVC, NTA, and Radio Nigeria and published in over fifteen print and online media channels.
- The Corporation placed 520 slots of depositor protection and awareness jingles on 13 local radio stations targeted at the catchment areas at the banks in-liquidation. That aimed at creating awareness on verification and payment to depositors, creditors, staff, and shareholders of 28 banks in-liquidation from September 7 to 19, 2022.
- The NDIC 2022 Financial Literacy Day campaign was hosted for 1,333 students in 45 different secondary schools across 13 states. Participants were distributed with 1,560 NDIC Information, Education, and Communication (IEC) materials. Students were mentored and sensitized on the savings culture and the mandate/operations of the NDIC.
- The NDIC Information Desk - set-up at the Nigeria Institute of Public Relations (NIPR's) Citizens Summit for National Integration, Peace and Security held between August 23-24, 2022, in Abuja – received 31 visitors who were sensitized on the NDIC mandate and activities with a total of 100 in-house publications distributed.
- The NDIC hosted two excursion visits to the Lagos and Abuja offices involving a total of 100 students. The breakdown comprised 40 students of Anchor University, hosted on July 6, 2022, and 60 Students of Prince Audu Abubakar University, Kogi, hosted on August 10, 2022. The students were sensitized on the NDIC mandate, and 100 in-house publications were distributed to the schools for use in their respective libraries.

- The Bureau of Public Service Reforms paid a courtesy visit to the NDIC Management on 6th September 2022 and presented a platinum level award for outstanding performance in Corporate Governance and Service Delivery. Similarly, the NDIC Board and Management paid two visits to the Federal Ministry of Finance, Budget and Planning on 18th August, 2022 and 16th September 2022 to discuss the formal inauguration of the ED Corporate Services and priority areas for the proposed 2023 Budget respectively.

5.7.2 Legislative Liaison & Government Relations

To strengthen the NDIC's collaboration with the National Assembly, familiarisation visits were made to 11 Senate and House of Representatives Committees. The Committees were Senate Committee on Banking, Insurance and other Financial Institutions; Senate Committee on Finance; Senate Committee on Ethics and Public Petitions; Senate Committee on Establishment and Public Service Reform; Senate Committee on Public Accounts; House Committee on Insurance and Actuarial Matters; House Committee on Public Accounts; House Committee on Public Petitions; House Committee on Public Procurement; House Committee on Federal Character and House Committee on Finance at the National Assembly (NASS).

5.7.3 Social Media Campaigns

During the third quarter of 2022, the NDIC created and deployed a total of 130 contents on the various aspects of the Corporation's mandate across the social media handles. As at September 30, 2022, the NDIC had a total of 54,644 followers on Facebook, Instagram, LinkedIn, YouTube, and Twitter. The NDIC posts generated 110,362 impressions and garnered 1,935 likes.

5.8 Legal Activities

The major legal activities of the Corporation for the quarter ended September 30, 2022, were as follows:

- The NDIC monitored 77 debt recovery of “~~N~~100 million and above” cases, 65 debt recovery of “~~N~~100 million and below” cases, 55 corporate cases, 19 winding up petition cases of MFBs and PMBs, 14 defensive cases involving MFBs and PMBs, and other 44 defensive litigations.
- The NDIC continued to monitor 12 criminal cases pending at the various courts in the country.
- It also continued to monitor 29 investigation cases being conducted by the Financial Malpractices Investigation Unit (FMIU), Police Special Fraud Unit (PSFU), and the Criminal Investigation Unit (CIU, Lagos).
- The NDIC Amendment Bill being sponsored by one of the members is currently with the National Assembly.
- The NDIC obtained seven Winding-up Orders in respect of MFBs from the Federal High Court.
- Volumes 15 and 16 of the Nigerian Banking Law Reports (NBLR) were forwarded to the Publishers during the review period.

5.9 Conclusion

As one of the components of the Nigerian financial safety-net, the NDIC has continued to engender public confidence and contribute to the stability of the financial system. The

Corporation, through its various activities, has consistently pursued the achievement of its public policy of depositors' protection, enhancing public confidence and promoting financial system stability.